

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

DOCKET NO. 98-942

JANUARY 26, 1999

EAST VASSALBORO WATER SYSTEM, INC.
Request for Approval of Reorganization

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I SUMMARY OF DECISION

In this Order we allow Kenneth D. Masse to sell 100% of the common stock of the East Vassalboro Water System, Inc. to Jeffrey Sugden. We also allow Jeffrey Sugden to secure the stock purchase with a mortgage on the assets of the East Vassalboro Water System, Inc. (System). The East Vassalboro Water System, Inc. will continue to provide water service in the Town of East Vassalboro, Maine, pursuant to the rates and schedules currently in effect for its customers.

II BACKGROUND

On December 1, 1998, the East Vassalboro Water System, Inc., Kenneth D. Masse, and Jeffrey Sugden filed a joint request for approval of a reorganization pursuant to 35-A M.R.S.A. § 708 and § 1101. The System filed additional information on December 24, 1998, in response to a Staff telephone data request.

The System is a corporation organized under the laws of the State of Maine, and is a public utility authorized to provide water service in the Town of East Vassalboro, Maine. Its common stock is owned by Kenneth D. Masse who resides in East Vassalboro. Mr. Masse, for various reasons, does not want to continue to own the System.

Jeffrey Sugden, an individual residing in China, Maine, is interested in acquiring ownership of the System. Mr. Sugden is employed as Supervisor, Electrical Services, at Colby College in Waterville, Maine and believes that he will be able to prepare for and obtain the operator's license required for the System

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during the spring of 1999. In addition Mr. Sugden has secured a commitment (Exhibit I) from Gary A. Gray, a licensed operator, to provide assistance/oversight in the operation of the System through a period of one year after Mr. Sugden obtains an operator's license.

Messers. Masse and Sugden have entered into a Purchase and Sale Agreement (Exhibit 2) for all 1000 shares of common stock of the System. The purchase price (with no down payment) is \$90,000, payable in 48 quarterly payments at an interest rate of 6% per annum. Each quarterly payment will be \$2,643. A five-year cash flow projection (Exhibit 3) was submitted to demonstrate that the System should have sufficient revenues, at current rates, to continue to operate and make the quarterly debt service payments.

Mr. Masse will finance the stock purchase, which will be secured by a mortgage deed.

III CONCLUSION

We find the proposed reorganization to be in the best interests of the System and its ratepayers. It appears, after review of the available information, that Mr. Sugden will have the technical and financial capability to operate the System. That information also demonstrates that the stock purchase will not cause a rate increase and will not impair the System's ability to continue to provide safe, reasonable, and adequate service.

We will approve the sale of stock (reorganization) pursuant to 35-A M.R.S.A. § 708. We will also allow the East Vassalboro Water System, Inc. to mortgage its assets to Mr. Masse. In doing so, however, we will require that the obligation to serve the System's customers shall run with title to the System's assets should it become necessary for Mr. Masse to foreclose.

Accordingly, we

O R D E R

1. That Kenneth D. Masse is authorized to sell, transfer, and convey 100% of the common stock of East Vassalboro Water System, Inc. to Jeffrey Sugden;
2. That the East Vassalboro Water System, Inc. shall continue to provide water service at the rates and under the terms and conditions currently on file with the Commission;

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3. That the East Vassalboro Water System, Inc. is authorized to mortgage its assets to Kenneth D. Masse; and,

4. That the mortgage deed authorized above shall make it clear that the obligation to serve the East Vassalboro Water System, Inc., customers shall run with its assets.

Dated at Augusta, Maine this 26th Day of January 1999.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
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NOTE: STAFF PERSON RESPONSIBLE FOR DOCUMENT, CHECK "YES" OR "NO"
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